



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5340 telephone

(801) 359-3940 fax

(801) 538-7223 TTY

www.nr.utah.gov

Michael O. Leavitt  
Governor

Robert L. Morgan  
Executive Director

Lowell P. Braxton  
Division Director

December 19, 2003

Mert Hamilton  
Rocanville Stone  
P.O. Box 35  
Delta, Utah 84624

Re: Approval of Partial Transitional Surety for Large Mining Operation, Rocanville Stone, Levin Stone #2/Red Gulch/Tejon #1-3, M/027/087, Millard County, Utah

Dear Mr. Hamilton:

On November 5, 2003, the Division issued Rocanville Stone a Potential Non-Compliance and Division Directive because the project (Levin Stone #2, Red Gulch, & Tejon #1-3 combined sites) has exceeded the five acre limitation of a small mining operation (currently 9.91 acres). Rocanville Stone was directed to cease all mining related activity at the sites. In response to that letter, on November 13, 2003, we received a fax requesting that we allow Rocanville Stone to post a partial transitional surety to avoid the loss of quarry workers and product inventory. This request was specifically to post a partial transitional surety of \$15,720 until the entire \$31,700 transitional surety amount could be submitted in a timely fashion. The \$15,720 was to be tied to the following specific mining areas:

Tejon #1 - 1.32 acres x \$3,000 = \$3,960

Tejon #2 - 0.99 acres x \$3,000 = \$2,970

Red Gulch - 2.93 acres x \$3,000 = \$8,790

This faxed request was followed up by a November 18, 2003, telephone call from Mr. Hamilton to Tom Munson, to see if this request would be granted by the Division. After conferring with the Minerals Program Permit Supervisor, the request was verbally granted, contingent upon the receipt of the \$15,720 check. We subsequently received a \$15,720 cashiers check on November 20, 2003 by overnight mail.

On December 18, 2003, we received the Transitional Reclamation Contract to accompany the surety and tie the cash bond to the specific project areas as identified. The Division Director approved the form and amount of transitional surety by signing and fully executing the document. A copy is enclosed for your records. On December 18<sup>th</sup>, we also received Mr. Hudson's letter designating you as authorized agent and authorizing you to bind Rocanville Stone Corporation. We accept this notification.

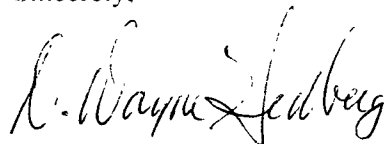
Several other items were discussed in the faxed request letter regarding the Potential Non-Compliance and Division Directive letter as follows:

Mert Hamilton  
Page 2 of 2  
M/027/087  
December 19, 2003

- 1) Immediately cease mining operations at the Levin #2, the Red Gulch Quarry, and the Tejon 1, 2, & 3 sites;  
*Item #1 was complied with.*
- 2) Within 30 days of your receipt of this notice, post a transitional reclamation surety in the amount of \$31,700 dollars (9.91 acres x \$3,000/acre + \$2,000 equipment mobilization fee);  
*Partial payment of \$15,720 was made to cover 5.24 acres of disturbance. Verbal permission to continue mining this 5.24 acre area was granted by telephone on November 18, 2003. The remaining \$15,980 will be sent to cover the entire 9.91 acres within 60 days.*
- 3) Within 30 days of your receipt of this notice, mark the existing 9.91 disturbed area boundaries with metal t-posts, or other markers of equal effectiveness;  
*Item #3 was complied with per operator's correspondence. This has not yet been confirmed by the Division.*
- 4) Within 60 days of your receipt of this notice, submit a complete Notice of Intention to Commence Large Mining Operations showing the existing 9.91 acres of disturbance, plus any proposed expansion to the mine areas.  
*This permit application is being prepared by David Ryzak, a permitting consultant hired by Mr. Hamilton. The 60 day timeframe is January 5, 2004.*

This letter documents the receipt of your check and outlines what is still left to be completed. If you have any questions on filling out the permit application forms, please contact Tom Munson at 538-5321.

Sincerely,



D. Wayne Hedberg, Permit Supervisor  
Minerals Regulatory Program

jb  
Enclosure - copy of Transitional RC  
cc - Sherri Wyson, BLM Fillmore FO w/encl  
O:\M027-Millard\S02700874-ex-inStone2\final\trans-surety-12192003.doc

FORM MR-TRC  
RECLAMATION CONTRACT  
(SMO - LMO transition)  
(Revised April 17, 2001)

DOGM File Number M/027/087

Effective Date December 19, 2003

Other Agency File Number U71-078279 and  
U71-079464-01

**STATE OF UTAH**  
**DEPARTMENT OF NATURAL RESOURCES**  
**DIVISION of OIL, GAS and MINING**  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940

RECEIVED

DEC 18 2003

**TRANSITIONAL RECLAMATION CONTRACT**  
---ooOoo---

DIV OF OIL GAS & MINING

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/027/087  
(Mineral Mined) Building Stone

"MINE LOCATION".  
(Name of Mine) Levin #2/Red Gulch/Tejon #1-3  
(Description) Approximately 45 miles west of  
Delta, Utah off Highway 6

"DISTURBED AREA":  
(Disturbed Acres) 5.24  
(Legal Description) (refer to "Attachment A")  
(Topographic Map) ("Attachment C", disturbed area boundary)

"OPERATOR":  
(Company or Name) Rocanville Stone  
(Address) P.O. Box 35  
Delta, Utah 84624  
(Phone) (435) 864-5242 Fax: (435) 864-9032

"OPERATOR'S REGISTERED AGENT".  
(Name) Merton W. Hamilton  
(Address) 461 East Topaz  
Delta, Utah 84624  
(Phone) (435) 864-5242 Fax: (435) 864-9032

OPERATOR'S OFFICER(S)":

WILLIAM HUDSON - Pres/Treas

"SURETY":

(Form of Surety - Attachment B)

Cashiers Check

"SURETY COMPANY" (Name)

(Policy or Acct. No.)

Wells Fargo Bank

Chk # 0304500393

"SURETY AMOUNT":

\$15,720

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA"

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Rocanville Stone the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division"). A Reclamation Contract is required under Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules.

WHEREAS, Operator has exceeded the approved five (5) acre threshold for a small mining operation, R647-3-113, and Operator desires to continue mining operations for an "interim" period of not more than 12 months, upon areas already disturbed totaling 5.24 acres. Within 90 days of the filing of this contract and reclamation surety, the operator agrees to file a complete Notice of Intention to Commence Large Mining Operations (Form MR-LMO) describing a detailed mining and reclamation plan for continued operations at this site. An approved Large Mining Notice of Intention must be in place at the end of a 12 month time period following Division receipt of this contract. Any extension of this filing time period will be in writing and at the sole discretion of the Division.

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division.

The approved form and amount of surety is attached hereto as Attachment B and made a part hereof. The surety shall remain in full force and effect according to its terms unless modified by the Division in writing. If the form of surety expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the surety, the Operator shall provide a replacement surety in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement surety, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.

3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules including but not limited to, the previously accepted Small Mining Notice, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies 1) that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, and the previously accepted Small Mining Notice, as amended, or 2) until a mining and reclamation plan for a large mining operation has been approved by the Division and the final Reclamation Contract and surety are in place.
6. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
7. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
8. This Contract shall be governed and construed in accordance with the laws of the State of Utah, and is in addition to any other rights and authorities the Division and Board have to seek relief from the Operator.
9. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.

10. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an Order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an Order to revoke the Small Mining Notice of Intention, order reclamation, or order forfeiture of the surety, or take such other action as is authorized by law.
11. In the event of forfeiture of the surety, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the surety, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
12. This Contract including the Small Mining Notice of Intention, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
13. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR

Rocanville Stone  
Operator Name

By W. H. Hudson  
Authorized Officer (Typed or Printed)

President  
Authorized Officer - Position

W. H. Hudson  
Officer's Signature

12-8-03  
Date

STATE OF Texas )  
COUNTY OF Dallas ) ss.

On the 8th day of December, 2003, W. H. Hudson personally appeared before me, who being by me duly sworn did say that he/she is the President of Rocanville Corp. and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said W. H. Hudson duly acknowledged to me that said company executed the same

Jan Maitland  
Notary Public  
Residing at Red Oak, TX

My Commission Expires 02/11/2005

DIVISION OF OIL, GAS AND MINING:

By Lowell P Braxton  
Lowell P. Braxton, Director

12/19/03  
Date

STATE OF Utah )  
COUNTY OF Salt Lake ) ss:

On the 19<sup>th</sup> day of December, 2003, Lowell P Braxton  
personally appeared before me, who being duly sworn did say that he, the said  
Lowell P Braxton is the Director of the Division of Oil,  
Gas and Mining, Department of Natural Resources, State of Utah, and he duly acknowledged to  
me that he executed the foregoing document by authority of law on behalf of the State of Utah



Joelle Burns  
Notary Public  
Residing at 1594 W. N. Temple

April 4, 2005  
My Commission Expires



ATTACHMENT "A"

Rocanville Stone  
Operator

Levin #2/Red Gulch/Tejon #1-3  
Mine Name

M/027/087  
Permit Number

Millard County, Utah

**LEGAL DESCRIPTION**

*Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.*

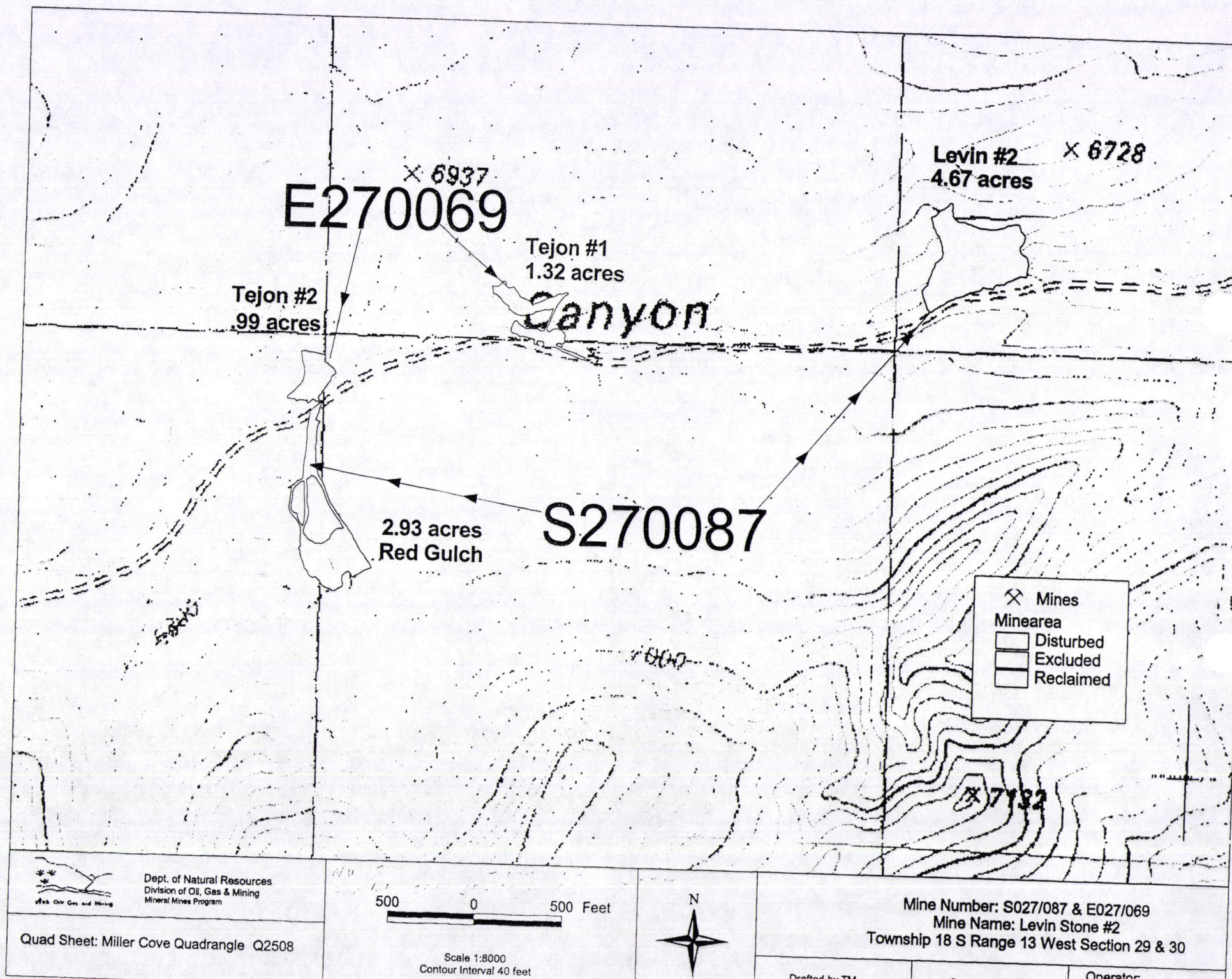
**The detailed legal description of lands disturbed is:**

Portions of:

NW1/4 SE1/4 Section 30- Red Gulch & Tejon #2

S1/4 NE1/4 Section 30 - Tejon #1

Township 18 South, Range 13 West



Dept. of Natural Resources  
Division of Oil, Gas & Mining  
Mineral Mines Program

Quad Sheet: Miller Cove Quadrangle Q2508



03045

11-24

Office AU #

1210(8)

## CASHIER'S CHECK

0304500393

Operator I.D.: utah7788

utah7788

PAY TO THE ORDER OF

\*\*\*UT DNR-DOGM\*\*\*

November 18, 2003

\*\*\*REMITTED FRO ROCANVILLE STONE\*\*\*

\*\*\*Fifteen thousand seven hundred twenty dollars and no cents\*\*\*

\*\*\$15,720.00\*\*

WELLS FARGO BANK, N.A.

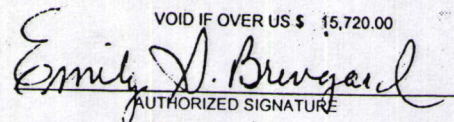
PAYABLE IF DESIRED AT WELLS FARGO BANK NORTHWEST, N.A.

225 WEST MAIN

DELTA, UT 84624

FOR INQUIRIES CALL (480) 394-3122

VOID IF OVER US \$ 15,720.00

  
AUTHORIZED SIGNATURE

⑈0304500393⑈ ⑆121000248⑆4861 505600⑈

m/027/087

Rocanville Stone - Levin #2/Red Gulch/Ligon 1-2

J.S. or fax # 75-1212-669

RECEIVED

NOV 20 2003

DIV OF OIL GAS &amp; MINES